



# MICHIGAN ECONOMIC UPDATE

Office of Revenue and Tax Analysis

Michigan Department of Treasury

<http://www.michigan.gov/treasury>

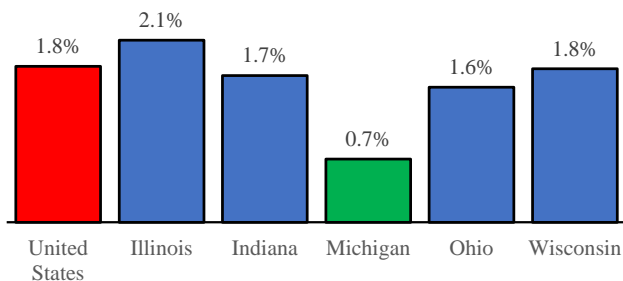
Summarizing Economic Data for September 2022

(Published 10/31/2022)

## State Gross Domestic Product Release

On September 30, 2022, the Bureau of Economic Analysis released 2022Q2 state gross domestic product (GDP) data. Below are some highlights of that release <sup>(c)</sup>:

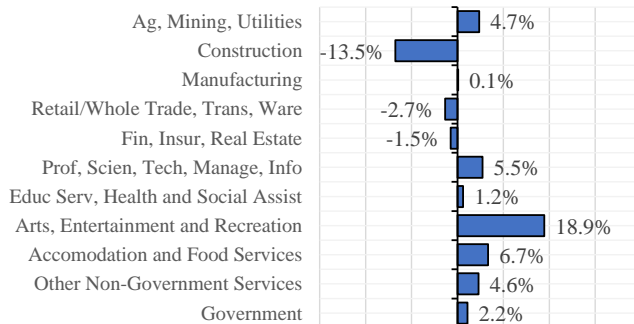
**Percent Change in Real GDP  
2021Q2 - 2022Q2**



### Interstate Comparisons, Year-Ago Change

- Michigan real (inflation adjusted) total GDP increased 0.7 percent over the past year.
- Michigan year-over-year (y-o-y) percent change in total GDP ranked 35<sup>th</sup> among all states.
- State y-o-y real GDP changes ranged from -3.4 percent (Alaska) to +5.7 percent (Idaho).
- Among Great Lakes states, y-o-y percent changes ranged from +0.7 percent (Michigan) to +2.1 percent (Illinois).

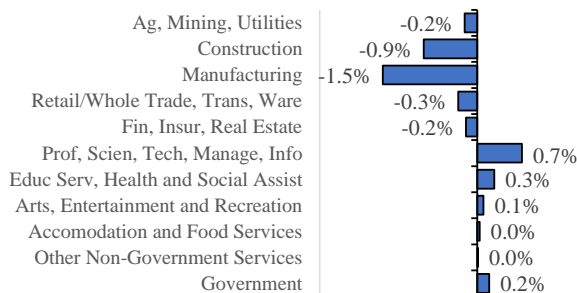
**Change in Michigan Real GDP  
2021Q2-2022Q2**



### Sectoral Michigan Real GDP Y-O-Y Change

- Among broad industry groupings in Michigan, y-o-y changes in real GDP varied widely.
- Real GDP rose 18.9 percent in the arts, entertainment and recreation industry and food services industry and increased 6.7 percent in the accommodation and food services industry. Real GDP increased 5.5 percent in the professional, scientific, technical and management information industry.
- Construction industry real GDP fell 13.5 percent.

**Percentage Point Contribution to  
2022Q1-2022Q2 Annualized  
Real GDP Growth**



### Sectoral Michigan Real GDP 2022Q2 Change

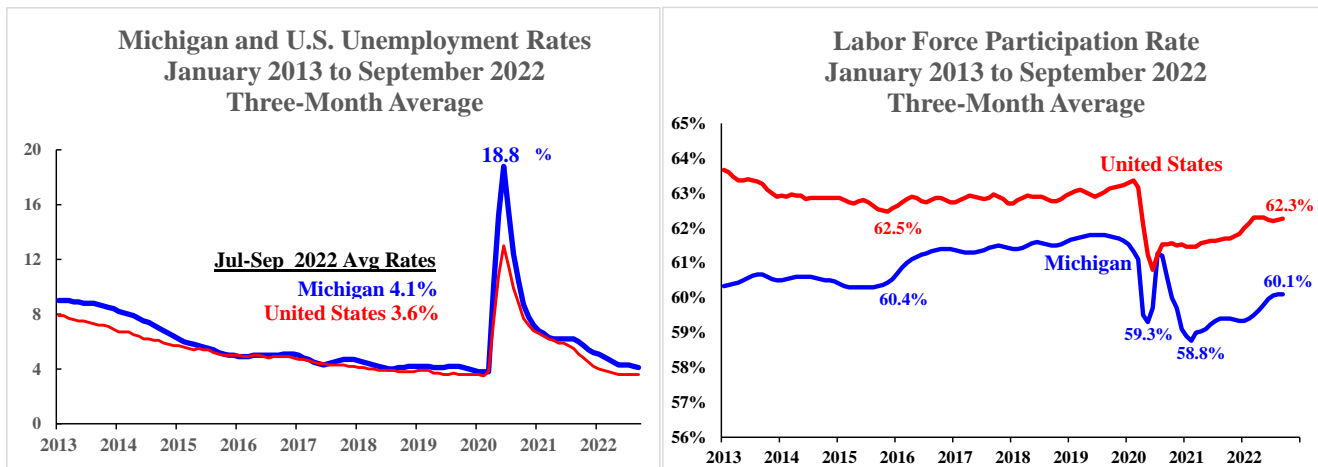
- In 2022Q2, overall real Michigan GDP fell at a 1.7 percent annualized rate.
- The manufacturing sector subtracted 1.5 percentage points from annualized growth while the construction sector subtracted 0.9 of a percentage point from annualized growth.
- The professional, scientific technical, management information sector added 0.7 of a percentage point to annualized growth.

# September 2022 Summary

## Unemployment Rate Estimates

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- The monthly Michigan unemployment rate estimate remained at 4.1 percent in September. The three-month average of the Michigan unemployment rate is 4.1 percent for September. Compared to last September, the three-month average is down 1.9 percentage points. Compared to the pre-pandemic February 2020 rate, the current average is up 0.3 of a percentage point.
- The average number of people employed in Michigan between July 2022-September 2022 was 80,400 lower than the number employed in February 2020. Compared to the three-month average of people employed between July 2021-September 2021, the current three-month average is up 152,300 people. The July 2022-September 2022 average of people unemployed is 13,700 people higher than the number of unemployed in February 2020.
- The U.S. unemployment rate fell to 3.5 percent in September. September's national jobless rate is 1.2 percentage points lower than the September 2021 rate (4.7 percent), and equal to the February 2020 rate (3.5 percent).
- Both the Michigan and U.S. labor force participation rates remain significantly lower than their pre-pandemic participation rates.



### Employment by Place of Residence (in Thousands)<sup>(a)</sup>

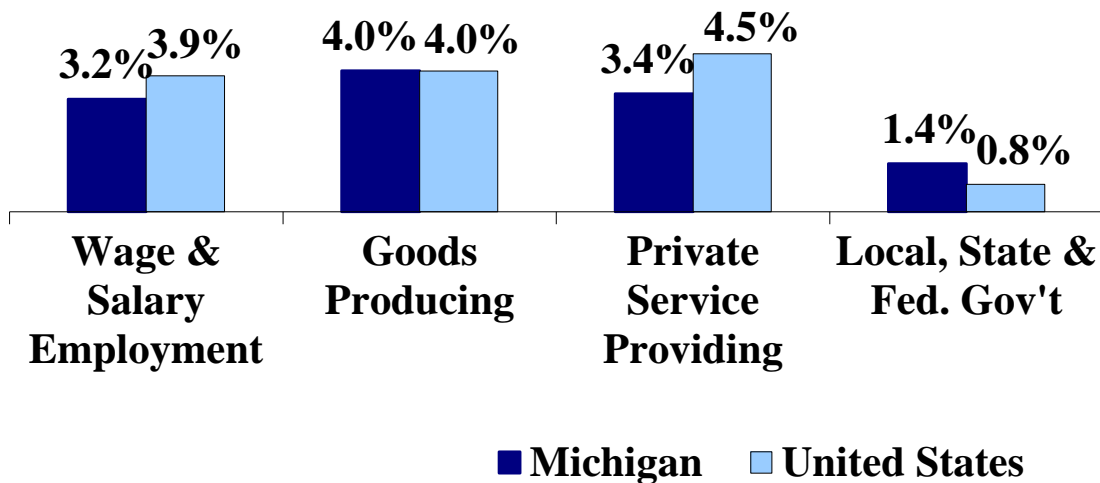
	Annual 2021	Jul 2022	Aug 2022	Sep 2022	Chg Fr Mo Ago Level	Chg Fr Mo Ago %	Chg Fr Yr Ago Level	Chg Fr Yr Ago %	Three Month Average
<b>Michigan</b>									
Labor Force	4,776	4,859	4,859	4,861	2	0.0%	68	1.4%	4,860
Employed	4,496	4,657	4,658	4,660	2	0.0%	139	3.1%	4,658
Unemployed	280	202	201	201	0	0.0%	-71	-26.0%	201
Unemployment Rate	5.9%	4.2%	4.1%	4.1%	n.a.	0.0% pts	n.a.	-1.6% pts	4.1%
<b>United States</b>									
Labor Force	161,204	163,960	164,746	164,689	-57	0.0%	3,218	2.0%	164,465
Employed	152,581	158,290	158,732	158,936	204	0.1%	5,130	3.3%	158,653
Unemployed	8,623	5,670	6,014	5,753	-261	-4.3%	-1,913	-25.0%	5,812
Unemployment Rate	5.3%	3.5%	3.7%	3.5%	n.a.	-0.2% pts	n.a.	-1.2% pts	3.6%

## Employment by Place of Work (Payroll)

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- Compared to September 2021, Michigan payroll employment was up by 135,100 jobs (3.2 percent). State payroll employment rose by 300 jobs in September 2022 from August 2022. Nationally, September 2022 payroll employment was up by 5.7 million jobs (3.9 percent) from a year ago. National employment rose 263,000 jobs in September.

## Payroll Employment Growth



- In the goods-producing sector, Michigan payroll employment increased 4.0 percent in September from a year ago; employment in the private service-providing sector rose 3.4 percent. From a year ago, September national payroll employment rose 4.0 percent in the goods-producing sector and increased 4.5 percent in the private service-providing sector.
- At 42.4 hours, manufacturing weekly hours in Michigan were up 2.4 hours from last year.

### Wage and Salary (Payroll) Employment (in thousands)<sup>(b)</sup>

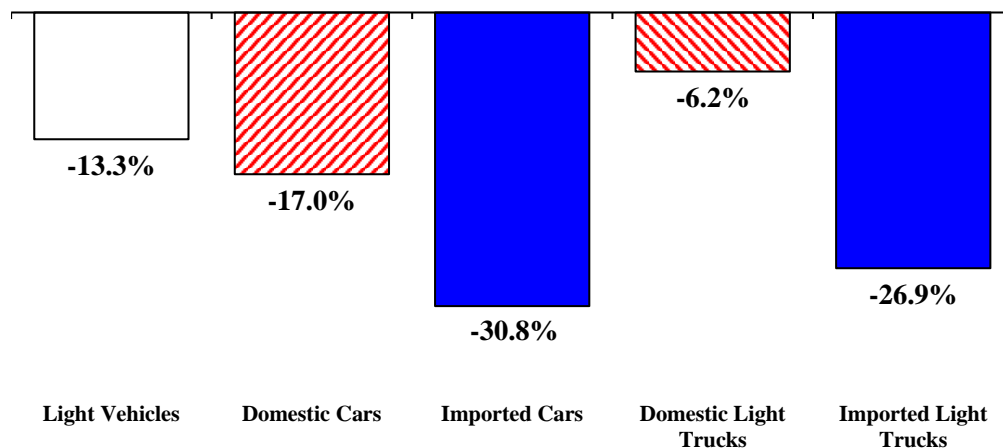
	2021 <u>Annual</u>	MI Sep <u>2021</u>	MI Sep <u>2022</u>	Percent <u>Change</u>	2021 <u>Annual</u>	US Sep <u>2021</u>	US Sep <u>2022</u>	Percent <u>Change</u>
Wage & Salary Employment	4,193.5	4,223.1	4,358.2	3.2%	141,308	147,328	153,018	3.9%
Goods Producing	766.8	766.9	797.6	4.0%	19,397	20,416	21,232	4.0%
Manufacturing	583.7	583.1	608.9	4.4%	12,294	12,413	12,880	3.8%
Private Service Providing	2,853.2	2,878.9	2,975.4	3.4%	99,604	104,801	109,504	4.5%
Trade, Trans. & Utilities	777.3	778.0	800.9	2.9%	27,319	27,907	28,822	3.3%
Services	1,791.6	1,815.2	1,879.0	3.5%	61,491	65,226	68,682	5.3%
Local, State & Fed. Gov't	573.5	577.3	585.2	1.4%	22,307	22,111	22,282	0.8%
Manufacturing Weekly Hours	40.8	40.0	42.4	2.4 hrs	42.7	41.4	41.1	-0.3 hrs

## Motor Vehicle Sales Down From Last Year

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- The U.S. light vehicle sales rate, constrained by supply chain shortages and higher interest rates, rose modestly to 13.5 million units in September. Compared to last September, sales were up 9.6 percent.
- U.S. sales of domestic light vehicles rose 15.8 percent from last September while foreign sales declined 8.7 percent. In September 2022, at 21.1 percent, the foreign share of U.S. light vehicle sales was down 4.2 percentage points from a year earlier.
- Auto sales increased 3.3 percent compared to last September, while light truck sales increased 11.5 percent from September 2021. Year-over-year (y-o-y), heavy truck sales were up 19.8 percent from last September.
- In August 2022 (the most recent month for which inventory data are available), retail vehicle inventories were up 23.6 percent from last August—the fifth straight percentage year-over-year increase following 24 months of year-over-year declines.

### Year-to-Date 2022 Vehicle Sales Down From Year Ago



### Motor Vehicle Sales Statistics

(Millions, Seasonally Adjusted Rates, unless otherwise specified)

	<u>2021</u> <u>Total</u>	<u>Jul</u> <u>2022</u>	<u>Aug</u> <u>2022</u>	<u>Sep</u> <u>2022</u>	<u>3 Month</u> <u>Average</u>	<u>Sep</u> <u>Chg fr</u> <u>Yr Ago</u> <u>Level</u>	<u>Sep</u> <u>Chg fr</u> <u>Yr Ago</u> <u>%</u>
Autos	3.4	2.7	2.8	2.9	2.8	0.1	3.3%
Domestics	2.4	2.0	2.0	2.1	2.0	0.2	9.7%
Imports	1.0	0.7	0.8	0.8	0.8	(0.1)	-10.1%
Import Share	29.1%	26.1%	28.3%	28.1%	27.5%	-4.2% pts	
Light Trucks	11.6	10.6	10.3	10.6	10.5	1.1	11.5%
Domestics	9.0	8.8	8.3	8.5	8.6	1.3	17.4%
Imports	2.6	1.8	2.0	2.0	1.9	(0.2)	-8.1%
Import Share	22.3%	17.1%	19.3%	19.3%	18.5%	-4.1% pts	
Total Light Vehicles	14.9	13.3	13.1	13.5	13.3	1.2	9.6%
Heavy Trucks	<u>0.5</u>	<u>0.5</u>	<u>0.5</u>	<u>0.5</u>	<u>0.5</u>	<u>0.1</u>	<u>19.8%</u>
Total Vehicles	15.4	13.8	13.6	14.0	13.8	1.3	9.9%

### Retail Inventories, Motor Vehicle and Parts Dealers (billions of dollars) <sup>(d)</sup>

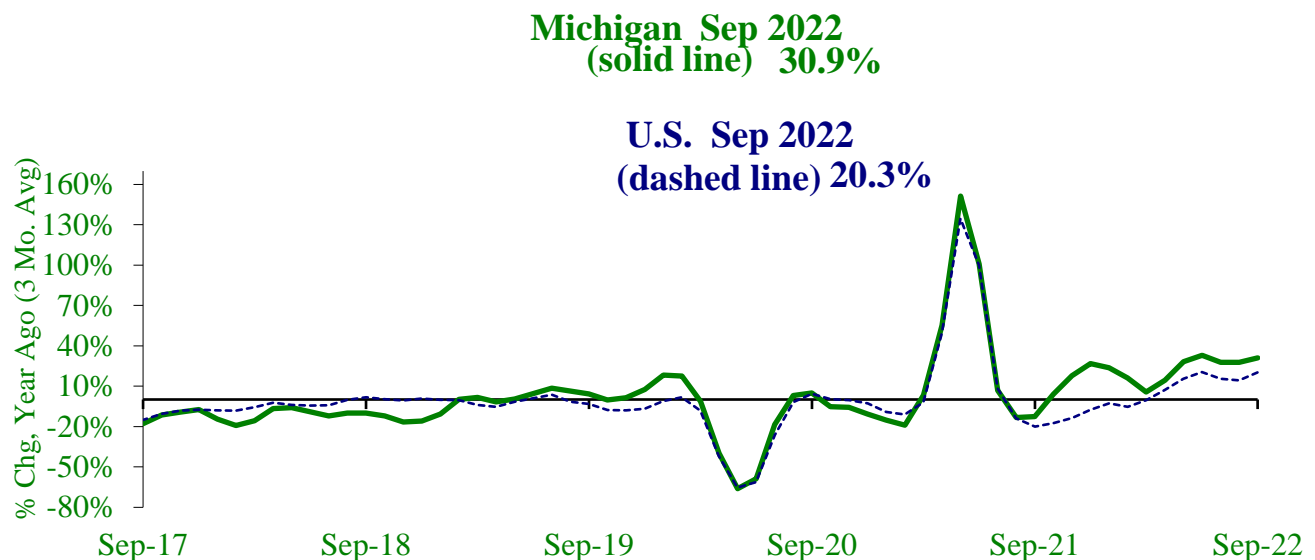
	<u>2021</u> <u>Average</u>	<u>Jun-22</u>	<u>Jul-22</u>	<u>Aug-22</u>	<u>3 Month</u> <u>Average</u>	<u>Chg fr</u> <u>Year Ago</u> <u>Level</u>	<u>Chg fr</u> <u>Year Ago</u> <u>%</u>
Inventories	\$162.2	\$176.7	\$182.8	\$189.2	\$182.9	\$36.2	23.6%
Inventory/Sales Ratio	1.32	1.39	1.47	1.48	1.45	0.20	

# Michigan Vehicle Production Up from Year Ago

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- Michigan vehicle production rose 37.3 percent from September 2021 while national vehicle production increased 40.2 percent from last September. In September 2022, Michigan vehicle production totaled 194,707 units.
- In September 2022, auto production rose 167.8 percent year-over-year (y-o-y) in Michigan and was up 74.6 percent nationally; truck production increased 31.2 percent in Michigan and was up 34.5 percent nationally.
- Comparing the three-month average of vehicle production in July 2022-September 2022 to production in July 2021-September 2021, Michigan's average production was up 30.9 percent while average production was up 20.3 percent nationally.

## Three-Month Average of Michigan Vehicle Production Up from Year Ago in September



## Motor Vehicle Production Statistics

(Thousands, unless otherwise specified)

	2021 Monthly <u>Average</u>	Jul <u>2022</u>	Aug <u>2022</u>	Sep <u>2022</u>	3 Month <u>Average</u>	Sep Level Chg <u>fr Yr Ago</u>	Sep % Chg <u>fr Yr Ago</u>
<b>U.S. Production <sup>(e)</sup></b>							
Autos	138.4	116.6	170.5	165.5	150.9	70.7	74.6%
Trucks	621.5	539.0	788.5	775.7	701.1	199.1	34.5%
Total	759.9	655.6	959.0	941.2	852.0	269.8	40.2%
<b>Michigan Production <sup>(f)</sup></b>							
Autos	11.1	13.0	18.4	17.0	16.1	10.6	167.8%
Trucks	143.4	129.9	189.2	177.7	165.6	42.3	31.2%
Total	154.4	142.9	207.6	194.7	181.7	52.9	37.3%
Michigan as % of U.S.	20.3%	21.8%	21.6%	20.7%	21.3%	-0.4% pts	

# U.S. Economic Conditions

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	<u>Jun-22</u>	<u>Jul-22</u>	<u>Aug-22</u>	<u>Sep-22</u>	<u>Change from Year Ago</u>
<b>KEY ECONOMIC INDICATORS</b>					
Consumer Sentiment <sup>(h)</sup>	50.0	51.5	58.2	58.6	-14.2 points
ISM Manufacturing Index <sup>(i)</sup>	53.0	52.8	52.8	50.9	-9.6 points
ISM Non Manufacturing Index <sup>(i)</sup>	55.3	56.7	56.9	56.7	-5.9 points
<b>INFLATION <sup>(k)</sup></b>					
<b>1982-84 = 100 (CPI)</b>	<u><b>Jun-22</b></u>	<u><b>Jul-22</b></u>	<u><b>Aug-22</b></u>	<u><b>Sep-22</b></u>	<u><b>Change from Year Ago</b></u>
<b>Nov 2009 = 100 (PPI)</b>					
U.S. Consumer Price Index	296.3	296.3	296.2	296.8	8.2%
Detroit CPI	272.9	NA	271.6	NA	8.6%
U.S. Producer Price Index	141.0	140.4	139.9	140.1	8.5%
<b>INTEREST RATES</b>					
90 Day T-Bill <sup>(l)</sup>	1.49%	2.23%	2.63%	3.13%	3.09% points
10 Year Treasury Securities <sup>(l)</sup>	3.14%	2.90%	2.90%	3.52%	2.15% points
<b>INDUSTRIAL PRODUCTION <sup>(l)</sup></b>	104.1	104.9	104.8	105.2	5.3%
<b>CAPACITY UTILIZATION <sup>(l)</sup></b>	79.8%	80.3%	80.1%	80.3%	2.9% points
<b>RETAIL SALES <sup>(d)</sup></b>	\$684.1	\$681.1	\$684.0	\$684.0	8.2%
<b>HOUSING STARTS and SALES</b>					
(Millions Annual Rate)	<u><b>Jun-22</b></u>	<u><b>Jul-22</b></u>	<u><b>Aug-22</b></u>	<u><b>Sep-22</b></u>	<u><b>% Change From Year Ago</b></u>
Housing Starts <sup>(d)</sup>	1.575	1.377	1.566	1.439	-7.7%
Existing Home Sales <sup>(m)</sup>	5.110	4.820	4.780	4.710	-23.8%
<b>DURABLE GOODS ORDERS <sup>(d)</sup></b>	\$273.6	\$273.2	\$273.7	\$274.7	11.3%
<b>PERSONAL INCOME <sup>(c)</sup></b>					
(Billions, Seasonally Adj & Annualized)	<u><b>2021.3</b></u>	<u><b>2021.4</b></u>	<u><b>2022.1</b></u>	<u><b>2022.2</b></u>	<u><b>% Change From Year Ago</b></u>
Michigan	\$555.6	\$553.2	\$560.0	\$566.0	0.8%
U.S.	\$20,998.9	\$21,158.0	\$21,317.8	\$21,622.7	3.4%
<b>GROSS DOMESTIC PRODUCT <sup>(c)</sup></b>					
(Billions of Chained 2012	<u><b>2021.4</b></u>	<u><b>2022.1</b></u>	<u><b>2022.2</b></u>	<u><b>2022.3</b></u>	<u><b>Annualized % Chg From Last Qtr</b></u>
Dollars, Seasonally Adj & Annualized)	\$20,006.2	\$19,924.1	\$19,895.3	\$20,021.7	2.6%

- (a) Seasonally adjusted. Sources: Bureau of Labor Statistics, U.S. Department of Labor and Michigan Department of Technology, Management and Budget.
- (b) Bureau of Labor Statistics, U.S. Department of Labor (BLS 790). Page 2 Michigan three-month average unemployment rate graph values use interpolated monthly values for January 2021-August 2021.
- (c) Bureau of Economic Analysis, U.S. Department of Commerce.
- (d) Bureau of the Census, U.S. Department of Commerce. Seasonally adjusted.
- (e) Automotive News.
- (f) Michigan Department of Treasury.
- (g) Michigan Department of Technology, Management and Budget.
- (h) University of Michigan Survey of Consumers.
- (i) Institute for Supply Management (ISM), formerly NAPM.
- (j) The Conference Board.
- (k) Bureau of Labor Statistics, U.S. Department of Labor.
- (l) Seasonally adjusted rates (except interest rates). Federal Reserve System Board of Governors. 2012 equals 100. Treasury bill rate (secondary market).
- (m) National Association of Realtors.